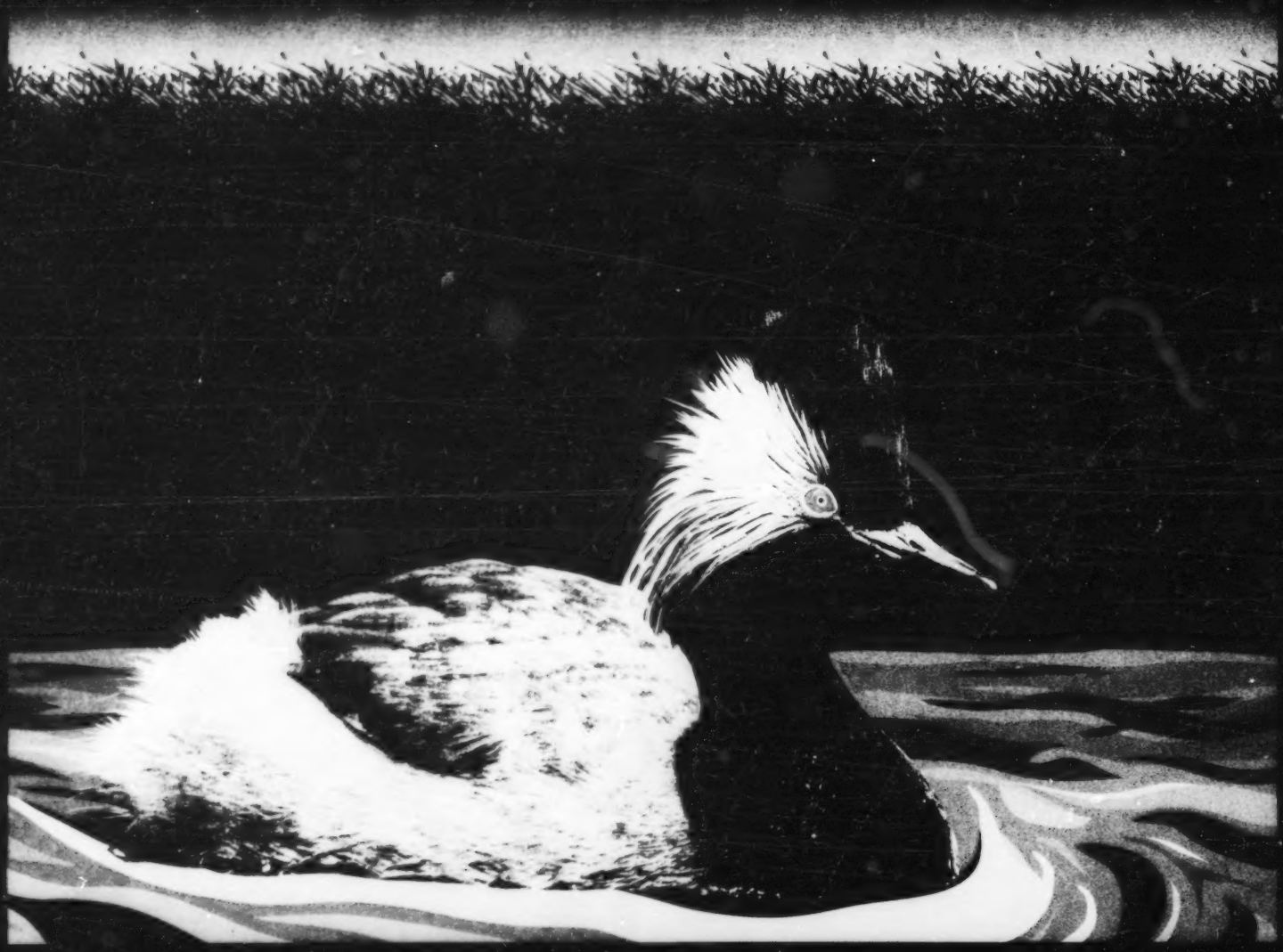
The Manitoba Habitat Heritage Corporation



Annual Report 2000/2001

Manitoba

Building Partnerships for Habitat Conservation

The Manitoba Habitat Heritage Corporation is a non-profit Crown Corporation established in 1986 under *The Manitoba Habitat Heritage Act*.

Its objective is to work in partnership with public and private agencies and organizations as well as individual landowners to conserve, restore, and enhance fish and wildlife habitat in Manitoba.

Cover photo: Eared Grebe

102-00375/

The Honourable Oscar Lathlin
Minister of Conservation
Legislative Building
Winnipeg, Manitoba

Dear Minister:

The Board of Directors of The Manitoba Habitat Heritage Corporation is pleased to present you with its 14th Annual Report covering program activities from April 1, 2000 to March 31, 2001. Partnerships with other agencies and with individual landowners form the foundation for programs that help to build an economically and environmentally diverse rural landscape in Agro Manitoba.

MHHC continued as the coordinator of implementation of activities under the North American Waterfowl Management Plan. The success of the Plan rests with its ability to direct efforts where they are most needed and to provide landowners with the potential for sustainable income from the conservation options they adopt.

Conservation agreements offer the utmost in flexibility to landowners who wish to voluntary protect habitat on private land and continue to benefit from land use while still protecting the natural values of the land. MHHC enters into conservation agreements under its Green Acres Program and, with Delta Waterfowl Foundation, under the Potholes Plus Program.

A "home-grown" wood auction was one of the highlights of the Manitoba Agro Woodlot Program which helps landowners develop sustainable woodlot harvesting plans that generate income and provide wildlife habitat. Along with helping to develop these small-scale forestry operations, the Woodlot Program helps landowners to integrate trees into agricultural production systems with benefits to both livestock and grain operations.

Through a prairie-wide grazing evaluation study, livestock producers indicated their satisfaction with rotational grazing systems and off-site watering systems such as those promoted under The Green Banks program. Landowners are demonstrating they can manage their pasture lands for the benefit of wildlife and improve their bottom line while doing so.

The Corporation believes that its continuing success rests on the principle of offering programs that benefit wildlife and improve the health and economy of Agro Manitoba. On behalf of the Board of Directors, I am pleased to submit to you this Annual Report of The Manitoba Habitat Heritage Corporation.

Yours truly,

Jack Dubois
Chairperson,
The Manitoba Habitat Heritage Corporation

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Overview

Mandate and Roles

Conservation, restoration and enhancement of fish and wildlife habitat – this is the mandate of The Manitoba Habitat Heritage Corporation (MHHC), a Crown Corporation created by the *Manitoba Habitat Heritage Act* of 1986. MHHC concentrates its activities in the agricultural areas of Manitoba, forming cooperative, effective partnerships with private landowners, farm organizations, corporations, conservation groups and government agencies. It promotes conservation practices that enhance wildlife habitat, encourage productive uses of the land and help sustain farm family income.

MHHC activities are organised under three major program initiatives.

North American Waterfowl Management Plan

MHHC coordinates implementation of the North American Waterfowl Management Plan (NAWMP) in Manitoba. It conducts its own NAWMP activities through the Green Acres Program and through a partnership initiative with Delta Waterfowl Foundation, the Potholes Plus Program.

Woodlot Management

MHHC operates the Manitoba Agro Woodlot Program to provide woodlot management and agro-forestry planning services to landowners who are interested in diversifying their farm income and sustaining or enhancing woodland wildlife habitat. Program activities and training programs are supported with core funding from the Forestry Branch of Manitoba Conservation.

Riparian Habitat Management

MHHC encourages landowners to adopt land use practices that protect the highly sensitive habitat along lakes, rivers and streams. These practices can also benefit agricultural productivity, particularly for livestock operations.

MHHC also provides management, administrative and field support to the Critical Wildlife Habitat Program and administrative services to the Manitoba Model Forest Project and the Forestry/Wildlife Management Project.

MHHC Land Activity Portfolio

Agro Manitoba contains some of the most diverse and most vulnerable wildlife habitat found anywhere in the province. MHHC owns, leases, or has cooperative agreements on parcels of land of varying sizes dispersed throughout this region to provide habitat for the benefit of all forms of wildlife — plants, birds, animals, fish, and other aquatic animals.

As of March 31, 2001, MHHC owned, held long-term agreements on, or held in trust 104,455 acres in 2,150 parcels of land. Table 1 shows how much land is under title, lease, and cooperative agreements. MHHC administers more than 2000 agreements with landowners, conservation agencies, and other organizations.

Table 1: MHHC Land Portfolio as of March 31, 2001

	# sites	# acres
Acquired and donated lands		
North American Waterfowl Management Plan	27	6,194
Critical Wildlife Habitat Program[1]	22	4,217
Lands held in title by MHHC	*49*	*10,411*
Conservation Agreements held by MHHC	*30*	*2,285*
Leased lands (cumulative acreage)[2]		
North American Waterfowl Management Plan	204	19,137
Critical Wildlife Habitat Program[1]	121	18,501
Leases held by MHHC	*325*	*37,638*
Cooperative Agreements		
North American Waterfowl Management Plan	683	8,146
Green Banks Program	91	24,153
Manitoba Agro Woodlot Program	972	21,822
Cooperative Agreements held by MHHC	*1,746*	*54,121*
MHHC portfolio to March 31, 2001	**2,150**	**104,455**

[1] *Includes lands that are held by MHHC in trust on behalf of CWHP partners*
[2] *Includes both current and lapsed leases*

+4

Overview

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+4 +6

Board of Directors

The 1986 *Manitoba Habitat Heritage Act* establishing MHHC calls for the organization to be governed by a Board of Directors responsible to the Manitoba Minister of Conservation.

In the 2000-2001 year the MHHC Board consisted of eleven members:

Jack Dubois*, Chairperson	Citizen Representative
E.A. (Ted) Poyser,* Vice Chairperson	Citizen Representative
Don Alexander	Manitoba Conservation Districts Association
Ron Bell	Association of Manitoba Municipalities
Doug Chekay*	Ducks Unlimited Canada
Dwayne Hamilton	Keystone Agricultural Producers
Jim Lytwyn	Citizen Representative
Pat Rakowski	Canadian Wildlife Service
Jonathan Scarth	Delta Waterfowl Foundation
Merlin Shoesmith*	Manitoba Conservation
Barry Todd	Manitoba Agriculture

Ex-officio Members

Lorne Colpitts	The Manitoba Habitat Heritage Corporation
Brian Gillespie	Manitoba Conservation-Wildlife Branch
Gerry Luciuk	Prairie Farm Rehabilitation Administration
Deanna Knudson	Prairie Habitat Joint Venture
Wanda McFadyen	Manitoba Cattle Producers Association
Ray Rybuck	Manitoba Wildlife Federation
Ed Tyrchniewicz	Faculty of Agriculture, University of Manitoba

*Executive Committee Member

North American Waterfowl Management Plan

The North American Waterfowl Management Plan has proven to be a successful approach to the development and delivery of habitat conservation programs. It is built on sound biological principles, using the best science available for waterfowl and wetlands. It is landscape based, rather than directed at a particular site or species. It involves a broad range of interests and operates through partnerships representing individuals and public and private agencies. Other developing bird conservation programs that focus on songbirds, shorebirds and other water birds, are adopting the NAWMP model. Ultimately, all of these programs are working toward coordination under the emerging North American Bird Conservation Initiative.

A number of funding partners and program delivery partners work together to implement the NAWMP throughout Canada and the United States. In Manitoba, the MHHC coordinates implementation of Plan activities and provides communication, field delivery and evaluation services. It administers its own NAWMP activities under the Green Acres Program and is a delivery partner in the Potholes Plus Program. The pothole area of southwestern Manitoba, a primary habitat for waterfowl, continues to be the main focus of Plan activities in Manitoba.

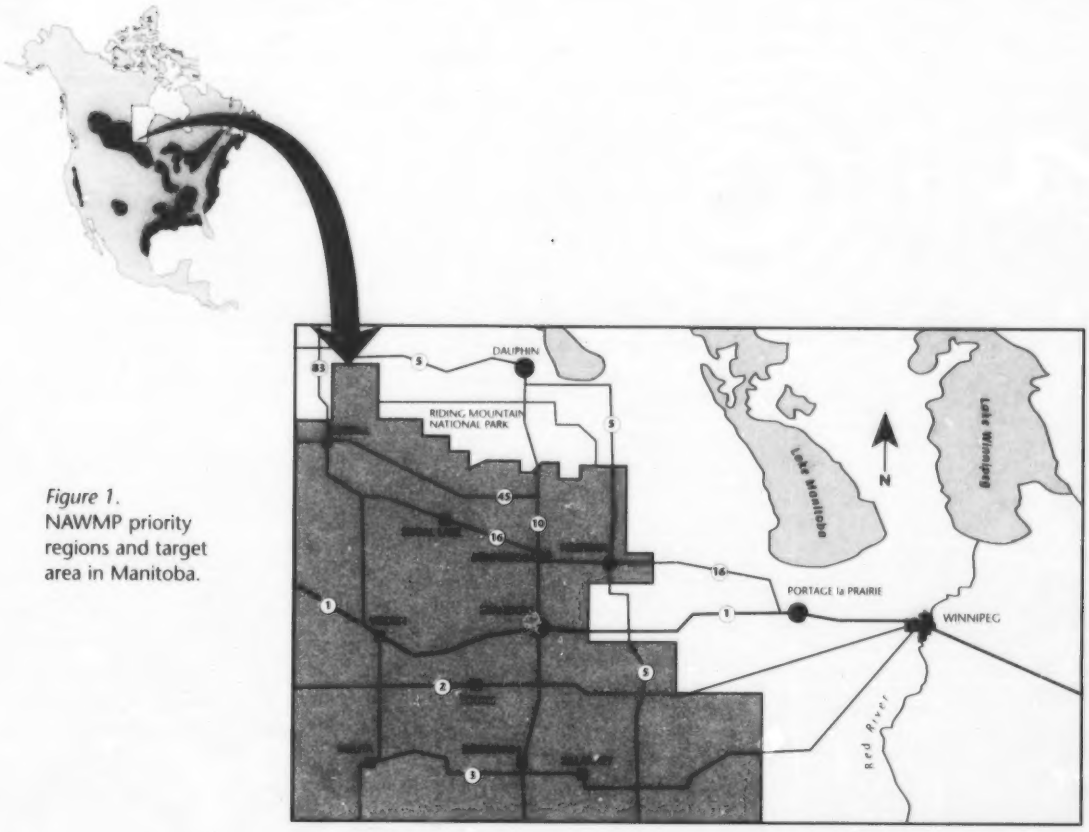

Figure 1.
NAWMP priority regions and target area in Manitoba.

The NAWMP was created in 1986 with the signing of a formal agreement between the Governments of Canada and the United States, later joined by Mexico. Since then, over $67 million has been invested in Manitoba, with 84% contributed through public and private sources from outside the province. Land use practices on 651,846 acres of habitat in Manitoba have been influenced as a result of these funds, 204,808 acres through long-term securement and 447,038 through conservation farming activities.

The NAWMP success can be credited to a number of factors. Because it has a continent-wide partnership of public and private conservation agencies, habitats used by waterfowl in all seasons as breeding grounds, migration routes, and wintering areas are included in conservation efforts, and resources can be directed to areas of the continent where they are most needed. A cornerstone of the Plan's effectiveness is conservation options that also provide landowners with the potential for sustainable income, resulting in the cooperation of hundreds of private landowners.

The great plains region of North America contains the continent's most important waterfowl habitats. It provides nesting habitat and migration stopover sites for a majority of the duck population. The prairies of southern Alberta, Saskatchewan and Manitoba make up a large part of the great plains region and Plan activities are coordinated under the Prairie Habitat Joint Venture (PHJV). In Manitoba, the landscape targeted for conservation activities under the Plan is the "prairie pothole" region located in the southwest part of the province (Figure 1).

Just as in other regions, the continuing success of the Plan in Manitoba relies on the people at the farm level - individual landowners, local farmer groups, farm commodity groups, Conservation Districts, wildlife associations and

rural municipalities. Agencies that partner with MHHC in NAWMP activities include Agriculture Canada (Prairie Farm Rehabilitation Administration), Delta Waterfowl Foundation, Ducks Unlimited Canada, Environment Canada (Canadian Wildlife Service), Manitoba Agriculture, Manitoba Conservation and Wildlife Habitat Canada.

A Manitoba NAWMP Overview

By the end of 2000/01, the total land area influenced by the Plan in Manitoba reached 651,846 acres. Wildlife habitat lands secured by plan partners increased by 7,305 acres, bringing the total of secured lands in Manitoba to 204,808 acres. Conservation agreements, which protect land remaining in private hands, are becoming a new and important conservation tool.

Conservation demonstration activities occurred on 79,726 acres of farmland in 2000/01, bringing the total acreage of Plan-supported demonstrations to 447,038 acres.

The range of habitat types influenced by the NAWMP in Manitoba includes:

- wetlands, both temporary and permanent, ranging from tiny prairie potholes to large staging marshes
- wetlands, previously drained, that have been restored
- new wetlands created to mitigate for drained wetlands
- native upland habitats such as grasslands, shrublands and aspen parklands
- cultivated marginal lands restored as grasslands
- rangelands improved for both livestock and wildlife through managed grazing and livestock watering practices
- haylands managed as productive wildlife habitat
- conventionally tilled fields converted to zero-tillage and winter cereal croplands

These lands provide important habitat for waterfowl breeding areas and support a wide diversity of other bird species as well as mammals, reptiles and amphibians.

Table 2: NAWMP Program Accomplishments Summary (in acres)

	Green Acres	Prairie CARE	Potholes Plus	HELP*	NAWMP Total
Secured 2000/01	470	5,198	1,637	—	7,305
Before 2000/01	34,188	144,638	7,842	10,835	197,503
Total Secured	**34,658**	**149,836**	**9,479**	**10,835**	**204,808**
Agricultural Demonstrations 2000/01		79,726			79,726
Before 2000/01	20,580	343,205	3,527		367,312
Total Demonstrations	**20,580**	**422,931**	**3,527**		**447,038**
Program Totals	**55,238**	**572,767**	**13,006**	**10,835**	**651,846**

* *Habitat Enhancement Land Use Project*

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* *Habitat Enhancement Land Use Project*

Table 3: NAWMP Financial Contributions

Agency	1986 to March 31, 2001	Percentage
Manitoba Sources	$10,820,800	**16.1**
Other Canadian Sources		
Canadian Wildlife Service	$7,655,600	11.4
Wildlife Habitat Canada	885,300	1.3
Ducks Unlimited Canada	2,545,000	3.8
Total Other Canadian Sources	**$11,085,900**	**16.5**
Total Canadian Sources	**$21,906,700**	**32.6**
US Sources		
Delta Waterfowl Foundation	$2,399,200	3.6
Ducks Unlimited, Inc.	16,463,500	24.5
US Fish and Wildlife Service	19,609,700	29.2
US States	6,774,600	10.1
Total US Sources	**$45,247,000**	**67.4**
Total Expenditures	**$67,153,700**	**100.0**

MHHC NAWMP Activities

Along with coordinating NAWMP activities, MHHC conducts field delivery, communication, evaluation and planning activities within the Plan. In 2000/01 funding from two major sources supported these activities:

- Manitoba Conservation
- Environment Canada (Canadian Wildlife Service)

Financial and in-kind support was also received from a number of other partners.

Green Acres and Potholes Plus Programs

MHHC offers landowners a number of options for habitat conservation through its NAWMP program, Green Acres, and through the Potholes Plus Program, which is operated in partnership with Delta Waterfowl Foundation (DWF). Those options include purchased conservation agreements, land and conservation agreement donations, lease and purchase and cooperative land management activities.

Conservation Agreements: Proclaimed in 1999, The *Conservation Agreements Act* created this flexible conservation option for the voluntary protection of habitat on private land. Like an easement, a conservation agreement is placed on the title of the property and remains in effect even with a change of ownership. The landowner still owns the land and may farm as before, but the natural values of the land are protected.

In 2000/01, MHHC securement efforts focused mainly on perpetual conservation agreements. Under MHHC's Green Acres Program, landowners donated 2 agreements totalling 200 acres. Through the Potholes Plus Program, delivered jointly with DWF, 15 conservation agreements were purchased covering 1,027 acres. At year end MHHC held 29 completed conservation agreements, arranged through the Green Acres and Potholes Plus initiatives, protecting 2,210 acres.

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Another 9 agreements totalling 1,174 acres, had been signed with landowners but had not been completely processed.

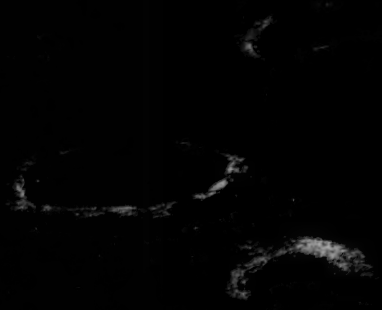
MHHC Lease, purchase and donated lands: MHHC relied mainly on conservation agreements for habitat protection in 2000/01. No new lands were leased. The corporation continues to pay $7.00 per acre per year for its existing leases that run for 5-10 years. These total 19,137 acres of wetland and upland habitat dispersed over 204 parcels of land. In 2000/01 DWF did secure long-term habitat leases totalling 609 acres.

In 2000/01, MHHC received one land donation, totalling 130 acres, in the Gladstone area of southwestern Manitoba. MHHC now holds title to 1,833 acres of donated lands.

Land management: A total of 4,450 acres of wildlife habitat on 20 parcels of MHHC lands benefited from a variety of management activities including:

- weed and shrub control on 145 acres of grassland
- managed grazing on 12 sites encompassing 1,960 acres
- managed burns on 3 sites totalling 170 acres
- 1,030 acres in 15 hay leases

Waterfowl Nest Tunnel Program: Waterfowl nest tunnels can be seen in wetlands throughout southwestern Manitoba. They not only support duck production, but the wetlands secured benefit over 100 other wildlife species. In the last year, 40 new tunnels were erected increasing the total nesting tunnels maintained by MHHC to 1,798 and the total wetland acres secured to 7,171.



Pothole Protection With a Plus

It has been just two years since MHHC joined forces with the Delta Waterfowl Foundation to conserve habitat. Their effort [illegible] long-term protection of wetland and associated habitats and the benefits have both partners smiling. In the short time, 1,783 acres of wetland and upland habitat have been secured by 21 perpetual conservation agreements under the Potholes Plus Program.

Potholes Plus supports the Canadian [illegible] from the United States through the North American Wetlands Conservation Act, modeled from Delta's successful Adopt a Pothole Program. [illegible] and marshes in the Shoal Lake [illegible] Killarney and Shoal Lake [illegible] able to support Delta's [illegible] Expanding the program [illegible] land habitat throughout the [illegible] target area in Manitoba.

Through Potholes Plus, MHHC [illegible] offered the opportunity [illegible] the Delta approach [illegible] Each [illegible] agreement [illegible] Delta [illegible] Delta [illegible] Delta [illegible]

Turner Family: Award Winning Neighbours

Special NAWMP Partnership Projects

Conservation Agreements Working Group: MHHC chairs the Manitoba Conservation Agreements Working Group whose membership includes Ducks Unlimited, Nature Conservancy of Canada, Delta Waterfowl Foundation, Manitoba Conservation, Association of Manitoba Municipalities, and Environment Canada. This year the Working Group concentrated on establishing procedures affecting the processing of agreements and issues associated with valuation. MHHC and partners also contracted for an analysis and production of a report of the tax implications for purchased and donated easements.

MHHC coordinates the communication strategy to inform Manitobans about using conservation agreements to protect habitat. Among its activities, MHHC produced a brochure that explains and compares conservation agreements and land donation options.

Federal Habitat Stewardship Program: Canada's Habitat Stewardship Program for Species at Risk, supported by the Federal Departments of Environment, Parks and Fisheries and Oceans, funded MHHC efforts to secure perpetual conservation agreements on important native habitats in southwestern Manitoba. A conservation agreement on one property, totalling 75 acres, was finalized. Four more sites, totalling 453 acres, also had agreements signed with landowners but had not been fully processed for registration by year-end. These sites include aspen parkland, grassland, wetland and riparian habitats that are important to a number of species at risk in the Prairie Ecozone.

Grazing Initiatives: MHHC continued to promote sustainable grazing systems management on native range in partnership with the Manitoba Cattle Producers Association. Activities in 2000/01 included field tours, news releases and a special grazing seminar at Ag Days, one of Manitoba's largest farm shows.

Partners in Flight-Manitoba: Habitat loss is a significant factor in the decline in population of migratory songbirds and birds of prey throughout North America. Partners in Flight

is an international initiative focussed on raising awareness of this decline. The conceptual plan for the initiative was completed in 1999, with the second phase, developing the implementation plan, to be completed in the fall of 2001. Actual implementation should start in 2002. MHHC is a member of the working groups for Manitoba and the Canadian Prairie Region assisting in the development of the Partners in Flight conservation plan.

2001 Prairie Conservation and Endangered Species Conference: MHHC provided Steering Committee support and acted as banker for this major gathering of agricultural and conservation representatives. Four presentations made by MHHC staff highlighting its major programs fit in well with the conference theme of "sharing common ground." They helped to demonstrate to the 400 participants that cooperative approaches with landowners are the most effective to achieving conservation ends. There was also a move toward prairie landscape conservation and away from conservation that focused on individual species.

NAWMP Communications

MHHC communication and marketing activities for the NAWMP included direct and mass media activities and a number of special projects.

Direct communications: MHHC staff participated in 148 meetings throughout the year, communicating directly with hundreds of landowners, landscape managers, local, provincial, national and international producer and rural conservation interest groups.

Each year, Local Liaison Committee meetings are organized in each MHHC field office area so that local producers and community representatives can provide feedback directly to MHHC. Three meetings were organized in 2000/01 and dealt mainly with the conservation agreement legislation.

The major theme for the NAWMP displays and presentations in 2000/01 was conservation agreements. Twenty of these displays and presentations were completed, primarily in rural locations.

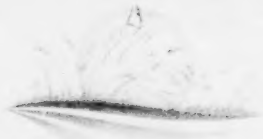
Conservation Coincidence

Don Sjoberg immediately agreed with his wife when she declared, "That's exactly what we want to do," after learning about conservation agreements at the MHHC booth at the Brandon Winter Fair. This chance meeting led to a conservation agreement donation to MHHC to permanently protect 140 acres of land that has been in the Sjoberg family for [illegible]

The land is mostly aspen and willow interspersed with small meadows and wetlands. "This is an excellent piece of upland habitat," said Gerald Forsyth, MHHC field representative in Minnedosa. "It provides exactly the kind of habitat diversity that wildlife need."

"I used to hunt out of this land and my dad always was interested in it," Sjoberg said about the land. "It's pretty much in its natural state and we want to keep it that way, as much as possible," he added. By selecting the conservation agreement option, the Sjobergs retain title to the land and continue to control access and use.

Sjobergs' four children [illegible] summer when the [illegible] have also [illegible] one of the reasons to build [illegible] the future. Another reason [illegible] out of the conservation agreement [illegible]



6th Prairie Conservation
& Endangered Species Conference

Winnipeg, Canada • February [illegible], 2001

Sharing Common Ground

It might seem unusual that much of the discussion at the 6th Prairie Conservation and Endangered Species Conference focused on economic pressures facing rural society on the prairies. But many conference presenters noted that landowners, facing serious economic challenges, need to be effective partners in prairie conservation. "The conference included issues facing rural people who are the key to successful habitat conservation," said Wanda McFadyen, conference co-chair and executive director of the Manitoba Cattle Producers Association.

The triennial conference, held in Winnipeg last February, attracted over 400 participants ranging from landowners to agricultural agencies, conservation agencies and organizations, scientists and academics.

Delegate evaluations spoke of first-rate conference sessions and presentations.

Four presentations by MHHC staff focused on examples of land management strategies that benefit the environment and help farm income. Working cooperatively with landowners and taking a landscape approach were also shown to be the best methods for species conservation.

The conference theme emphasized the need for society as a whole to share in programs that, "contribute to the growth and health of rural society," said Carol Scott, conference co-chair and Manitoba Conservation Habitat Section Chief.

Local, regional and national participants joined MHHC on 6 field tours of Plan projects. These field tours provide the best opportunity for first-hand experience and close-up views of NAWMP accomplishments.

Mass media: Articles about Plan projects, conservation agreements and land donations are always popular with the various media, particularly the rural and agricultural media. In 2000/01, MHHC distributed 17 articles that were widely circulated throughout the southwestern Manitoba target area. MHHC also participated in three radio interviews dealing with the results of the grazing economic study completed during the year.

Special projects: MHHC participated in the development of a "Conservation Corner" at the Manitoba Royal Winter Fair that showcased a number of conservation organizations active on the landscape.

At Ag Days 2001, held in Brandon in January, MHHC co-chaired and helped organize seminars for cattle producers. MHHC staff also delivered one session presentation.

NAWMP Partner Activities

Manitoba Prairie Care: Ducks Unlimited administers this program which offers lease, purchase and sustainable farming options to producers in the NAWMP target area. In 2000/01, a total of 5,198 acres were secured and an additional 79,726 acres were influenced by conservation farming techniques such as zero tillage, forages in crop rotations, and fall-seeded crops which provide good cover in the spring for ground nesting birds.

Heritage Marsh Program: The Province of Manitoba operates the Heritage Marsh Program under which regionally significant wetlands are identified, secured and enhanced. The program brings together various conservation partners from public and non-government agencies.

Family Farm Multifunctional

In an era of declining farm commodity prices, is a new approach needed to ensure the viability of family farms and the sustainability of rural communities and the rural environment? Over 100 representatives of Manitoba farm groups and agricultural and conservation agencies explored this question and other aspects of "multifunctionality" at a day-long seminar hosted by the MHHC.

The multifunctionality concept focuses on the fact that farmers produce more than food and fibre; they underpin rural economies and rural cultural heritage; they contribute environmental benefits like wildlife habitat and clean water; they provide agro-biological diversity and a pleasing rural landscape. Unfortunately for farmers, many of these "goods" generate no income for the farm family.

It's a different story for farmers in the European Union where 80% of EU agricultural income supports are based on the principle of multifunctionality. Speakers from Europe, the United States and Canada provided the spark for discussion of the issues and opportunities related to multifunctionality approaches to agricultural policy in Canada. The seminar generated further discussion on how to utilize knowledge provided by farmers and the role of [illegible] in Canada's agricultural [illegible]

Manitoba Agro Woodlot Program

Through the Manitoba Agro Woodlot Program, MHHC encourages and assists private landowners to implement sustainable woodlot management practices to diversify farm income and maintain wildlife habitat. The Program includes services for landowners and training for individuals interested in small-scale forestry. The Forestry Branch of Manitoba Conservation provides core funding for the program which offers technical training workshops and market support to small scale forestry operations throughout Manitoba.

Introduction

Many landowners have realised that farm woodlots offer an opportunity to diversify farm income and have begun to include them in their farm management plans. Sustainable management practices that also benefit wildlife are the core of the MHHC Agro Woodlot Program (MAWP), delivered by staff operating from offices in Brandon, Killarney and Minnedosa. Woodlot assessment services, management plan development, tree-planting support and hands-on skills training have helped many landowners to develop a sustainable, income-generating woodland harvest.

Woodlot Management

In 2000/01, MAWP staff assisted 22 landowners to prepare site-specific management plans for 2,694 acres of wooded lands. Since 1993, 156 plans covering 29,155 acres have been developed. Fifteen additional plans are in progress and 27 landowners are on the waiting list. The planning process helps landowners gain the knowledge and skills they need to harvest and renew their forest lands to generate income and to maintain a diverse forested area for wildlife habitat.

An important long term goal of the program is the primary processing of trees into lumber and value-added processing into finished products ranging from trailer decks to fine furniture. These have increased along with the increase in number of managed woodlots in Manitoba.

Tree Planting

In 2000/01, MAWP staff organized 93 planting projects of 66,881 trees. Over 9 years, 1,033,222 trees have been planted in 989 projects including bio-engineering projects, alley-cropping, livestock plantings and community beautification projects.

Does Money Grows on Trees?

Fred Tait would say that, with what he learned from the Woodlot Program, money might not grow on trees but a good living can be made from trees. In 1993 Tait wanted to expand his farm operation near Rossendale without buying more cattle or getting into grain. He explored the option of harvesting lumber from the forested areas on his property. With assistance from Woodlot Program staff, he did his own feasibility study and found that he could turn his hardwood and softwood trees into profits. Woodlot Program staff taught him sustainable woodlot harvest techniques and directed him to other agencies to get the added information he needed.

"I never envisaged how well it would go," Tait said. In his first year of operation, he cut 62 cords of wood from a one-acre stand of aspen and grossed $6,400. He now cuts aspen in the winter and is careful not to damage the root system from which these trees regenerate. Oak and ash, which are selectively cut in the summer, provide lumber for cabinet makers and hobbyists. A local cabinet-maker generated close to $60,000 worth of business from one pile of ash logs.

Tait believes you have to be aware of land stewardship and know what you're doing. Not content to reap the benefits himself, Tait tries to spread the word to others that harvesting renewable resources can be done responsibly to benefit the environment and the economy.

Neotropical News

The Woodlot Program, Manitoba Conservation-Wildlife Branch, and Partners in Flight have undertaken a study to assess woodlands along streams and rivers to determine how habitat and biodiversity are influenced by grazing, to assess the changes over time and to determine the potential for restoration or management. The study will also assess how neotropical migrant birds (songbirds that nest in northern forests and winter in the tropics) use of riparian woodlands along grazed and ungrazed areas of the Souris and Antler Rivers.

Wooded riparian areas are very important to the survival of neotropical migrant birds. In southwestern Manitoba, Dutch Elm disease and land use practices have depleted many of the mature trees and inhibited new growth in riparian areas. Without taking action to restore these areas, much of this habitat type may be in danger of disappearing within the next ten years, resulting in a continued decline in songbird species and numbers.

With the data in hand, MAWP and its partners can work with landowners to implement riparian management practices that will help to restore these important areas of habitat while providing alternative revenue sources to the landowner through woodlot management and managed grazing systems.

Agro-Forestry Projects

Agro-forestry projects integrate trees into agricultural production systems. In 2000/01, 32 new projects were completed under the Woodlot Program.

Silvopasture and living barns: Silvopasture systems are multi-row tree plantings designed for the benefit of livestock production. They reduce heat and cold stress on livestock, particularly during weather extremes, resulting in healthier herds with higher weight gains. Fenced off from livestock and regularly tended, these tree stands may eventually provide a source of merchantable timber. In 2000/01, nine silvopasture projects were completed.

Bio-engineering: Rip rap is usually used to stabilize degraded riverbanks and reduce flood-related impacts. Bio-engineering is a lower cost option that uses willow post, or other hardwood cuttings planted directly into the streambank to stabilize the ground. In 2000/01, 17 projects were completed. MAWP also provided technical support to two City of Winnipeg bio-engineering projects on Youville and Bunns Creeks.

The Woodlot Program developed bio-engineering methods that significantly improved survival rates with the most recent assessments showing an overall survival rate of 83%. Bio-engineering is very labour intensive and depends on the involvement of local groups like the Conservation Districts.

Alley-Cropping: Alley crops are created by planting rows of fast-growing trees, such as hybrid poplar, leaving space between for growing crops. The trees reduce wind erosion and create a more moderate micro-climate that help to increase crop yields. The rows of trees also create wildlife habitat and will eventually provide wood harvesting opportunities for the landowner. In 2000/01, six alley-cropping systems were established.

AGRO FORESTRY PROJECTS 2000/01

Livestock	Bio-Engineering	Alley-Cropping	Other Projects	Community	TOTAL PROJECTS	TOTAL TREES PLANTED
Includes silvopasture, living barns, etc.	Includes willow post plantings, snow management, etc.	Includes alley-cropping and silvocycling	Includes wildlife corridors, block plantations and forest renewal			
9	17	6	43	18	93	66,881

Snow management: Tree plantings are used to reduce snow removal requirements. In 2000/01 MAWP continued to work with the hog industry to design snow management systems. MAWP staff also coordinated planting and mulch application by the West Souris Conservation District.

Community plantings: Sandy Lake, Rapid City Golf Course, Riverdale, Roblin, Decker, Rivers, Minnedosa, Goodlands, Minto, Boissevain, Melita, the R.M. of Turtle Mountain, Killarney, Swan Lake First Nation and Holdfield Colony were among the 18 community tree planting projects supported by MAWP staff in 2000/01.

Training Programs

The Canada Agri-Infrastructure Program provided funding support for skills-based training workshops delivered by Woodlot Program staff. The workshops help small forestry operators increase the efficiency and profitability of their woodland forestry operations and reinforce management ethics and land stewardship.

In 2000/01, the Woodlot Program expanded its training initiatives to include rural communities outside its traditional target area. In total, Woodlot Program staff delivered 13 workshops involving 466 participants. These included a "Dr. Saw" workshop in Beausejour, a square timber workshop in Selkirk, a chainsaw workshop for Cross Lake First Nation, a chainsaw safety workshop for the City of Thompson and its annual workshop for students at the Swan Lake Regional High School. Since the Woodlot Program started in 1993, 1,648 people have participated in 88 workshops.

The Woodlot Program partnered with the Pembina Valley Conservation District to deliver Read the Stream II in La Riviere. Forty-five participants learned to install ten bio-engineering applications along a 250 metre stretch of Mary Jane Creek.

Micro-Forestry Business Development: As part of its long-term strategy to create small-scale markets for lumber produced from Manitoba woodlots, the Woodlot Program held Manitoba's first Agro Woodlot Lumber Auction in Winnipeg on Earth Day, April 22. The event attracted over 250 people to the sale of 10,000 board feet of hardwood lumber. It also connected fifteen rural operators with a number of urban small-scale furniture and cabinet makers. The Woodlot Program's training programs for micro-forestry operators are proving to be a good way to link landowners, operators and value-added processors in creating markets for Manitoba lumber.

Build It and They Will Come

At a workshop held in Erickson in February, sponsored by the Woodlot Program and the Little Saskatchewan River Conservation District (LSRCD), participants saw first hand how trees harvested from local woodlots can be used to construct square timber log cabins. "We are hoping this will encourage landowners to manage their woodlots for wildife and for the economic benefits that value added opportunities can provide," said Diana McGhee, woodlot technician with the MAWP.

Workshop participants learned how to construct a square-timber log cabin as well as woodlot management practices. "It provides another sustainable land use opportunity for landowners to consider," said Myles Kopytko, Manager of the LSRCD.

Woodlots are a renewable resource and, if managed properly, can provide a sustainable source of income through harvesting and milling the trees. Harvested correctly, these woodlot areas help to maintain a healthy watershed and improved water quality. They also provide excellent wildlife habitat.

Home Grown Lumber on Auction Block

Tables, chairs and dressers beautifully crafted from bur oak, birch, black and green ash and on display at an auction of locally grown and manufactured lumber sponsored by the Manitoba Agro Woodlot Program (MAWP) amply demonstrated the potential of the emerging micro-forestry industry in Manitoba. More than 350 people attended the auction at which 10,000 board feet of woodlot lumber was sold to local furniture makers and other craftspeople.

Most of Manitoba's woodworkers use hardwood lumber imported from Ontario and the Eastern United States. With one-third of the price of wood products wrapped up in transportation costs, it makes good financial sense to turn to the expanding local woodlot industry as a source of hardwoods.

"Now that we have good quality, locally produced kiln-dried hardwood, we'd like to broaden the market by having made-in-Manitoba finished products," said Shane Tomblom, MAWP field manager.

Sustainable woodlot management offers another way to diversify farm income and learning new skills improves quality and profit. Through workshops and seminars delivered by the Woodlot Program in the past year, landowners gathered many new ideas and practical skills to produce high quality products. The workshops also provided an opportunity to establish contacts in the industry necessary to market those products. Not only landowners are profiting from this relatively new industry. Wooded areas scattered across the province and managed as small-scale woodlot operations enhance the landscape and at the same time provide wildlife habitat.

Communications

Direct Communications: In 2000/01, Woodlot Program staff responded to approximately 250 enquiries from woodlot owners and harvesters on topics ranging from harvesting to pest and weed control, equipment, and plant stock. Approximately 1,700 contacts were made with partners and agencies including Conservation Districts, nurseries, markets and the media. A total of 175 information packages were mailed.

Staff attended 34 meetings with program partners and target audience members. The Manitoba Agro Woodlot Program display was featured at numerous events in rural Manitoba including Ag Days and the Royal Manitoba Winter Fair in Brandon.

Mass Media: Eight articles written about program activities were published during the year in various print media featuring topics such as developing a high value timber industry in Manitoba, producing furniture from Manitoba trees, woodlot management and notification of workshops. An additional 37 articles originated with the media.

The Green Banks Program

Riparian zones are the areas of habitat found alongside lakes, rivers and streams that form the transition between land and water. These zones are the most productive and diverse wildlife habitat found in the prairie region, providing all of the elements needed for wildlife survival – food, water and shelter. Riparian zones also act as sponges, soaking up water during run-off, and as filters, trapping sediments and pollutants before they reach the water body. The MHHC Green Banks Program helps landowners manage these areas to maintain their natural values, improve farm land-use practices and sustain farm incomes. Green Banks activities are supported by Manitoba Sustainable Development Innovations Fund, Environment Canada's EcoAction 2000 Fund, Manitoba Conservation Districts and other partners.

Program Results

Cumulative accomplishments for the six-year old initiative include 115 projects completed or in progress. Those projects will improve 174 miles of shoreline, 4,147 acres of riparian area and an additional 25,550 acres of upland pasture.

In 2000/2001 there were 35 project agreements signed with landowners and 19 more that were in latter stages of negotiation. As well, 15 projects signed the previous year were in various stages of development. Demand for Green Banks Program options keeps growing as more landowners discover the benefits of managed grazing systems that improve pasture forage resources and maintain clean water and healthy riparian areas. As well, a program delivery partnership with the Prairie Farm Rehabilitation Administration (PFRA) allowed MHHC to make Green Banks a truly province-wide initiative.

PFRA + MHHC = Productive Provincial Partnership

This year the Prairie Farm Rehabilitation Administration (PFRA) of Agriculture and Agri-Food Canada joined forces with MHHC to make the Green Banks Program a province-wide initiative. PFRA took on the job of program delivery in areas of Agro Manitoba where MHHC does not have field staff.

With no shortage of interested landowners, the Dauphin and Beausejour offices of PFRA developed project proposals for 20 landowners in Manitoba's southeast, Interlake, Dauphin-Swan River and The Pas regions. MHHC provided the incentive funds while PFRA staff conducted all the program delivery activities.

Steve Sager, PFRA representative in Beausejour noted, "The program is not a hard sell. Landowners want better management of their pastures, riparian areas and water supplies and Green Banks helps them achieve those goals."

A Healthy Approach to Conservation

The Manitoba Cattle Producers Association (MCPA) is joining with MHHC and a number of other government and private agencies in a new initiative that will help to protect Manitoba's water supply with cooperative approaches to the management of riparian and associated lands.

The proposal for a Riparian Health Council emerged from a desire to articulate a vision for riparian area conservation in Agro Manitoba and to increase cooperative efforts by agencies involved in establishing cooperative riparian projects with landowners. If the Council is successful, the result will be broad-based support for effective programming that enhances riparian areas and surface water quality across Agro Manitoba. Rather than a number of individual organizations working in isolation from each other, the Council will facilitate a network of agencies collaborating to improve the effectiveness of their initiatives.

Every agency and organization directly involved in riparian issues agrees on the need to be more efficient in establishing cooperative riparian projects. "The Council could provide that opportunity," said Tim Sopuck, Manager of Operations for MHHC. "And who better to chair that activity than the group that represents cattle producers, the largest group of cooperators in these programs?"

Solsgirth area cattle producer, Laurie Davison, knows first hand the benefits of the kinds of projects that would be promoted by the Council. With MHHC assistance, Davison controlled cattle access to the Bird-Tail River, established several grazing paddocks and set up a centralized watering trough away from the River. With improved pasture resulting from rotational grazing and easier access to clean water for the cattle, Davison realised an increased profit from his livestock operation. "I think it is safe to say I put an extra pound a day on my calves."

Through the Riparian Health Council, the MCPA will be taking a leading role in maintaining a healthy environment and clean water. Managing cattle access to riparian zones and stream banks helps to protect wildlife and plant species, improves fish habitat and contributes to improved surface water quality.

The Council is in place to support pro-active approaches. "It will be completely voluntary and cooperative," said Clair De'Athe, a director of MCPA and Chair of its Environment Committee. "I think the possibilities are very positive for the cattle industry."

MHHC and MCPA Both Winners

MHHC and Manitoba Cattle Producers Association (MCPA) were two of only five organizations from across Canada that received Countryside Canada awards presented by Wildlife Habitat Canada (WHC) at the sixth Prairie Conservation and Endangered Species Conference held in Winnipeg in February. "These organizations have demonstrated a commitment to stewardship and a genuine respect for all values that the agricultural landscapes have to offer," said Jean Cinq-Mars, Executive Director of WHC.

MHHC was recognized for its Green Banks Program, which offers assistance and incentives to landowners for livestock grazing and watering strategies that improve riparian habitat, herd management and landowner incomes.

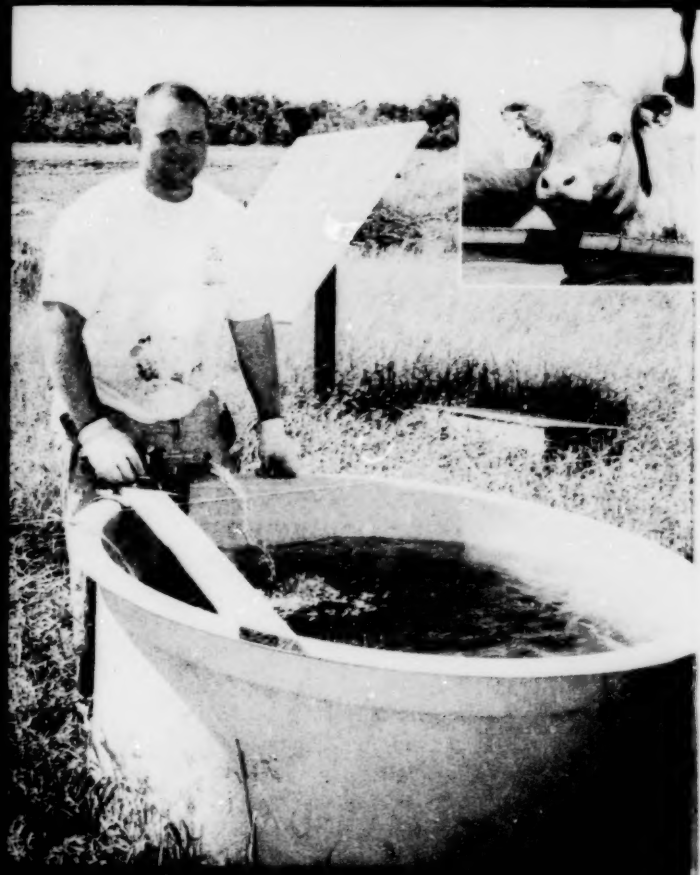
MCPA's Native Rangeland Stewardship Initiative, delivered in partnership with agriculture and wildlife conservation agencies, received its award for the stewardship ethic and sustainable land use practices of cattle producers. At the time of the award presentation, more than 1,700 producers had participated in the program that uses tours, workshops, seminars and demonstration projects to promote livestock grazing and watering practices that enhance native rangelands for wildlife. Claire De"Athe, accepting the award on behalf of MCPA, said, "It shows how academic knowledge, coupled with the wisdom of cattle producers, benefits both the people on the land and habitat for native species."

Program Features

The Green Banks Program targets cattle producers and their operations. Managing access to riparian zones, fencing pasture land into multiple paddocks for rotational grazing and installing off-site watering systems comprise the developments landowners are encouraged to undertake. Within a very short time after installation, landowners often report increased growth and diversity of vegetation and wildlife in the riparian zone and cleaner water in the river or stream. With improved pasture management capabilities, the carrying capacity of the pasture increases; and with better forage and water, health of the herd improves and individual cattle weight gains are higher.

Most often, fencing and controlling access are the only actions necessary to improve the riparian zone. Highly degraded or eroded stream banks can benefit from additional stabilization and restoration efforts using bio-engineering techniques. The Green Banks Program and the Agro Woodlot Program work well together to restore and stabilize river and creek banks and alter land-use practices. A well-managed riparian zone can offer a source of wood for on-farm use and may even support a small woodlot operation. With the variety of programs offered by MHHC, landscape options that benefit both the landowner and wildlife can usually be found.

Changes made to land use practices under the Green Banks Program often affect all on-farm operations and must be carefully planned. Each Green Banks project is a unique, cooperative venture that builds upon a landowner's first-hand experience and knowledge of their land. In addition to assistance with project planning, MHHC provides a maximum of $2,500 in cost-shared funding.



Catching the Wave: New Cattle Producers Take Green Banks Approach

When Interlake region grain and oilseed producers, Mac and Curtis McCrae, acquired some pastureland as part of a recent farm expansion, the chance to step into the cattle business proved irresistible. After renting out the pasture for a season, they bought cattle and decided to upgrade their pasture management capabilities.

With the spring-fed Wavey Creek and a tributary running through the pasture, the McCrae's contacted PFRA's Steve Sager to discuss their options. With assistance from Green Banks, the McCrae's were able to build additional fencing to manage access to stream banks and set up a watering tank that draws clean water from the Creek.

"We wanted to ensure that our cattle were not affecting water supplies in the area. We also would like to establish a rotational grazing system, " said Mac. The overall approach should provide benefits all around.

Partners providing funding support and services in kind for the Green Banks Program include Manitoba's Sustainable Development Innovations Fund, Manitoba Water Services Board, Manitoba Cattle Producers Association, Manitoba Conservation Districts, and a variety of local producer groups. Landowner partners contributed at least 25% of the project cost in either cash or in-kind services. With these cooperative efforts, MHHC gains green miles and cattle producers gain (cattle) weight — a win-win situation for all.

Communications and Extension

MHHC staff made in-person presentations at 45 meetings and events at which the riparian display attracted a number of landowner inquiries and new project opportunities.

Rural newspapers supported the efforts of MHHC by publishing 6 articles about various Green Banks projects written by staff and generating an additional 8 articles.

Considerable effort was also made to communicate results of a grazing economics study coordinated by MHHC on behalf of a number of partners (see sidebar).

Evaluation

A prairie-wide grazing evaluation study of livestock producers who have implemented managed grazing systems on native rangelands and installed off-site water systems was published in 2000/01. Of the 346 producers surveyed across the prairies, the great majority agreed there were advantages to using rotational grazing systems and managing riparian areas. Increased production and increased net income were reported as two of the major benefits along with improved in-stream water quality. With these systems, producers have demonstrated that they can manage their pasturelands for the benefit of wildlife and improve their bottom line while doing so.

Ongoing Green Banks co-operator surveys conducted by MHHC continue to show positive economic and herd management results for co-operators. Perhaps the most telling result is that 95% of the survey audience would recommend the Green Banks Program to their friends and neighbours.

Gains Confirmed by Grazing Survey

A few years ago Gordon Nickel noticed a big difference when comparing his pastureland with his neighbour's. He discovered his neighbour was managing access to the riparian area and using a rotational grazing system that seemed to be improving the pasture's carrying capacity. With support from Green Banks, the Nickel family decided to follow a similar route and soon noticed the benefits: improved herd health, higher calf weight gains and cattle in better condition coming off the pasture in the fall.

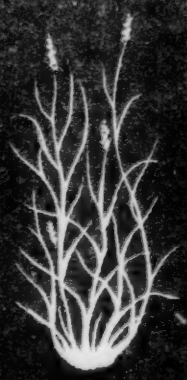
These observations were echoed in a survey of pasture management practices on the Canadian prairies published in 2001. The survey, completed by Brenda Chorney and Rea Josephson of the Department of Agricultural Economics and Farm Management, University of Manitoba, focused on cattle producers using rotational grazing, off-site watering or riparian management practices. Of the 346 respondents to the survey, 80% reported greater average weight gains, 90% had increased pasture forage quantity and quality. Most importantly, overall net returns increased for 88% of the survey audience.

Interestingly, farmers who were using riparian management practices along with rotational grazing reported results as positive as those who were using rotational grazing alone.

Contributing factors cited by producers included improved forage quantity and quality, improved forage use, cleaner drinking water and changes to breeding stock. Study participants also noted other changes like improved quality of water bodies and more wildlife. Financial and labour requirements were mentioned most often as two barriers to adopting managed grazing and off-site watering.

Coordinated by MHHC, this study was supported by a number of agricultural and conservation agency partners across the prairies. Copies of the report may be obtained from MHHC or downloaded from: **www.agr.gc.ca/pfra/pub/surpast.pdf** or **www.cattle.ca**

Other Partnership Initiatives



The Critical Wildlife Habitat Program goal is to identify, preserve and manage remaining critical habitats, especially critical native grasslands, habitats of unique, rare and endangered species and forested landscapes. Manitoba Conservation, MHHC and other agencies work together under the CWHP umbrella on a project-specific basis. MHHC holds a number of acquired habitat lands in trust on behalf of CWHP partners.

Critical Wildlife Habitat Program

One of the CWHP's main projects is the Tall-Grass Prairie Preserve. MHHC is represented on the Preserve Board, along with Manitoba Conservation, the Nature Conservancy of Canada, Environment Canada – Canadian Wildlife Service, Manitoba Naturalists Society, World Wildlife Fund Canada, and Wildlife Habitat Canada. Ongoing management of sites in the 5,430-acre preserve includes: mowing fence lines; prescribed burns; and maintenance of interpretive facilities for the general public. Permanent vegetation plots are monitored and invasive plant species, such as leafy spurge and St. John's wort, continue to be tracked. Efforts were also made in 2000 to locate and map a number of uncommon plant species.

In the mixed-grass prairie region CWHP efforts fall into three activity areas: inventory; land use demonstrations; and stewardship. A comprehensive inventory of mixed-grass prairie sites in southwestern Manitoba continued, with 121 sites evaluated. Of those, 54 were identified as better quality. Ongoing demonstration of prairie-enhancing livestock grazing techniques continues. Five cattle producers have adopted rotational grazing practices and are cooperating with annual vegetation and livestock performance monitoring activities. Bird population monitoring of these sites also began in 2000. Two of the sites were the focus of grazing management tours for Manitoba livestock producers These efforts were supported by MHHC, Manitoba Conservation, Manitoba Agriculture and Food, Manitoba Conservation Districts, the Manitoba Cattle Producers Association, Ducks Unlimited Canada, Prairie Farm Rehabilitation Administration and a grant from the EcoAction 2000 Fund of Environment Canada.

The Urban Habitat Stewardship Program has both on-the-ground and information-based activities to promote habitat and environmental stewardship in Manitoba's Capital Region. MHHC chairs the steering committee for this initiative, which includes local, regional and national partners. One of its projects, "Naturescape", an educational extension package, was completed for distribution to interested individuals and groups.

The Forestry/Wildlife Management Project entered its fifth year of activity and continues to undertake studies of forest/wildlife issues as and when needs arise. MHHC provides administrative support to this project.

Manitoba Habitat Heritage Corporation Partners:

North American Waterfowl Management Plan

Agriculture Canada (Prairie Farm Rehabilitation Administration)
Ducks Unlimited Canada
Environment Canada—Canadian Wildlife Service
Manitoba Agriculture and Food
Manitoba Conservation
Delta Waterfowl Foundation
Wildlife Habitat Canada
Keystone Agricultural Producers
Manitoba Conservation Districts
Nature Conservancy of Canada

Manitoba Agro Woodlot Program

Manitoba Conservation
Sustainable Development Innovations Fund
Agriculture and Agri Food Canada (PFRA)
Manitoba Conservation Districts
Local wildlife and farm conservation organizations
Woodlot Association of Manitoba
Manitoba Forestry Association
Manitoba Hydro

Green Banks Program

Sustainable Development Innovations Fund
Manitoba Conservation Districts
Manitoba Cattle Producers Association
Manitoba Agriculture and Food
Manitoba Conservation
Manitoba Water Services Board
Environment Canada

Critical Wildlife Habitat Program

Manitoba Conservation
Manitoba Naturalists Society
Nature Conservancy of Canada
Wildlife Habitat Canada
World Wildlife Fund
Environment Canada — Canadian Wildlife Service

Manitoba Habitat Heritage Corporation Offices

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Shoal Lake	306 Elm Street Box 28 Shoal Lake, MB R0J 1Z0 (204) 759-2807
Brandon	545 Conservation Drive Brandon, MB R7A 7L8 (204) 729-3501
WINNIPEG OFFICE:	200-1555 St. James Street Phone: (204) 784-4350 Fax: (204) 784-4359 e-mail: mhhc@mhhc.mb.ca www.mhhc.mb.ca

PRODUCTION NOTES:

The Manitoba Habitat Heritage Corporation's Annual Report is printed on Domtar Sandpiper, an acid-free, chlorine-free, recycled paper with 100% post-consumer fiber. The printing inks are vegetable oil-based.

Please recycle where facilities exist.

The Manitoba Habitat Heritage Corporation

Financial Statements 2000/2001

Manitoba

Responsibility for Financial Reporting

The Manitoba Habitat Heritage Corporation

The management of The Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the Annual Report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon management's best estimates and judgements up to May 16, 2001.

The responsibility of the Provincial Auditor and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Lorne Colatta

Chief Executive Officer

Manager, Financial Services

May 16, 2001

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba,
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of The Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2001 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Winnipeg, Manitoba
May 16, 2001

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2001
(with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
ASSETS						
Current						
Cash	$38,812	$1,313	$53,676		$93,801	$190,055
Funds on deposit with Province of Manitoba	376,824	128,628	125,915		631,367	577,789
Accounts Receivable						
Government of Canada	70,000				70,000	55,557
Province of Manitoba	1,783	6,393	802		8,978	33,499
Other	5,199	678			5,877	73,706
Due from Manitoba Agro Woodlot Program	3,273				3,273	5,757
Due from Green Banks Program	8,891				8,891	19,949
Prepaid expenses	12,885	500			13,385	27,063
	517,667	137,512	180,393		835,572	983,375
Capital assets (Note 3)				$1,324,573	1,324,573	1,219,781
					2,160,145	2,203,156
Trust assets (Notes 7a and 7b)					714,899	720,370
	$517,667	$137,512	$180,393	$1,324,573	$2,875,044	$2,923,526
LIABILITIES						
Current						
Accounts payable and accrued liabilities	$116,713	$18,131			$134,844	$179,330
Due to North American Waterfowl Management Plan		3,273	8,891		12,164	25,706
	116,713	21,404	8,891		147,008	205,036
Deferred contributions (Note 4)	400,954	116,108	171,502		688,564	778,339
Fund balances						
Invested in Capital Assets				$1,324,573	1,324,573	1,219,781
					2,160,145	2,203,156
Trust liabilities (Notes 7a and 7b)					714,899	720,370
	$517,667	$137,512	$180,393	$1,324,573	$2,875,044	$2,923,526

Commitments (Note 5)

On behalf of the Board:

Director _____

Director _____

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances for the year ended March 31, 2001 (with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
REVENUE						
Federal Government Contributions	$290,000	$11,000	$30,600		$331,600	$299,519
Province of Manitoba Contributions	529,923	261,618	44,634		836,175	1,006,659
Contributed Services, Province of Manitoba	58,525	76,882	11,011		146,418	158,970
Donations	310	–	–		310	388
Interest Income	14,861	6,459	10,756		32,076	35,412
Other	147,035	11,523	13,209		171,767	203,323
Management Fees (Note 8)	65,633	–	–		65,633	65,803
	1,106,287	367,482	110,210	–	1,583,979	1,770,074
EXPENSES						
Amortization of Capital Assets				$39,690	39,690	34,358
Service Delivery – Schedule 1	982,438				982,438	1,113,869
– Schedule 2		363,849			363,849	427,055
– Schedule 3			110,210		110,210	113,517
	982,438	363,849	110,210	39,690	1,496,187	1,688,799
Excess (Deficiency) of Revenue over Expenses	123,849	3,633	–	(39,690)	87,792	81,275
Fund Balances, beginning of year	–	–	–	1,219,781	1,219,781	1,001,210
Donated land (Note 2b)				17,000	17,000	137,296
Interfund Transfers	(123,849)	(3,633)	–	127,482	–	–
Fund Balances, end of year	$ –	$ –	$ –	$1,324,573	$1,324,573	$1,219,781

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2001 (with comparative figures for 2000)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2001	2000
Cash from operating activities						
Excess (deficiency) of revenue over expenses	$123,849	$3,633	–	$(36,690)	$90,792	$81,275
Amortization of capital assets				36,690	36,690	34,358
Net change in non-cash working capital	(2,112)	(4,267)	53,478		47,099	224,064
Increase (decrease) in deferred contributions	115,077	39,782	(244,634)		(89,775)	(38,260)
Net cash generated through operating activities	236,814	39,148	(191,156)	–	84,806	301,437
Financing and investing activities						
Purchase of capital assets	–	–	–	(127,482)	(127,482)	(115,633)
Interfund Transfers	(123,849)	(3,633)	–	127,482	–	–
Net increase (decrease) in cash	112,965	35,515	(191,156)	–	(42,676)	185,804
Cash and cash equivalents, beginning of year	302,671	94,426	370,747	–	767,844	582,040
Cash and cash equivalents, end of year	$415,636	$129,941	$179,591	$ –	$725,168	$767,844
Cash and cash equivalents consist of:						
Cash	$38,812	$1,313	$53,676		$93,801	$190,055
Funds on deposit with Province of Manitoba	376,824	128,628	125,915		631,367	577,789
	$415,636	$129,941	$179,591	$ –	$725,168	$767,844

THE MANITOBA HABITAT HERITAGE CORPORATION

Notes to Financial Statements
March 31, 2001

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations thereof. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Manitoba Agro Woodlot Program (MAWP)

On May 7, 1992 the Corporation signed a memorandum of agreement with Manitoba Department of Natural Resources to deliver the Manitoba Agro Woodlot Program in Southwestern Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) The Green Banks Program

In January, 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) **Revenue Recognition**

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

Interest income earned on restricted funds' resources is recognized as revenue of the related restricted fund.

Management fees are recognized as revenue in the year the service is provided.

b) **Capital Assets**

The Capital Asset Fund reports the assets and related amortization of the Corporation's capital assets.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful life of the capital asset at the rates indicated below. Amortization expense is recorded in the capital asset fund.

Computer hardware	–	20%
Computer software	–	33%
Equipment	–	10%
Furniture and fixtures	–	10%

c) **Contributed Services**

Services are contributed by the Wildlife and Forestry Branches of Manitoba Conservation. Contributed services are recorded at cost which is fair value.

d) **Funds on Deposit with Province of Manitoba**

Funds on deposit are recorded at cost which approximates market. All funds on deposit have terms of 90 days or less.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2001	Net Book Value 2000
Land and Land use rights	$1,230,312	$ –	$1,230,312	$1,118,580
Computer hardware	142,275	94,031	48,244	48,138
Computer software	19,708	12,034	7,674	10,969
Equipment	76,526	45,150	31,376	29,236
Furniture & fixtures	51,563	44,596	6,967	12,858
Total capital assets	$1,520,384	$195,811	$1,324,573	$1,219,781

4. Deferred Contributions

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods. Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	MAWP	GREEN BANKS	2001	2000
Beginning balance	$285,876	$76,327	$416,136	$778,339	$816,599
Less amount recognized as revenue	–	(11,000)	(44,634)	(55,634)	(52,893)
Less Provincial grants rescinded	–	–	(200,000)	(200,000)	–
Add revenue received and deferred	115,078	50,781	–	165,859	14,633
Ending balance	$400,954	$116,108	$171,502	$688,564	$778,339

5. Commitments

a) The Corporation leases land for wildlife habitat under NAWMP. Each lease is subject to the condition that sufficient funds are appropriated by the Province of Manitoba. The future minimum lease payments in the aggregate and for each of the six succeeding years are:

2002	$26,934
2003	16,094
2004	11,528
2005	9,909
2006	6,086
2007	1,512
Aggregate	$72,063

b) Pursuant to agreements the Corporation contributes to the operating costs of four field offices under NAWMP. The Corporation's minimum payment in 2002 is $37,200.

c) The Corporation leases vehicles and office equipment under NAWMP and MAWP. The future minimum lease payments in the aggregate and for each of the three succeeding years are:

2002	$16,604
2003	8,659
2004	534
Aggregate	$25,797

d) The Corporation leases space for the Winnipeg office at an annual base rent of $24,035. The lease expires March 31, 2003.

e) At March 31, 2001 the Green Banks Program included several projects in progress. Remaining commitments under these signed agreements total approximately $161,357.

6. Employee Pension Plan

Under the terms of the Corporation's pension plan, employee contributions are matched by the Corporation on a current basis. As a result, there are no unfunded liabilities and no outstanding corporate obligations.

7. Trust Assets/Liabilities

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation is a partner to the CWHP along with the Wildlife Branch of Manitoba Conservation.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP's funds designated to the Corporation including funds of the Manitoba Forestry/Wildlife Management Project (MFWMP) and Species At Risk Habitat Stewardship Program (SARA). A management fee is charged by the Corporation for the services provided by NAWMP. Disbursements are made at the direction of the Wildlife Branch. Grants from the Province of Manitoba flow through the Corporation to this program.

Trust assets held by MHHC on behalf of this program include:

	2001	2000
Land portfolio	$593,280	$593,280
Cash – CWHP	51,904	46,133
Cash – MFWMP	11,719	23,121
Cash – SARA	40,023	–
	$696,926	$662,534

b) Manitoba Model Forest Inc. (MBMF)

On March 31, 1997 the Corporation entered into a one year agreement with MBMF to provide banking and financial services to this program. The agreement was subsequently extended for a further period of two years until March 31, 2000. As the project is near completion an extension to this agreement has not been formalized. Disbursements are made at the direction of the General Manager of MBMF. A management fee is charged by the Corporation for the services provided by NAWMP.

Trust assets held by MHHC on behalf of this program include:

	2001	2000
Cash	$17,973	$57,836

8. Management Fees

The Corporation charges for services provided by NAWMP and MAWP to other programs as follows:

	2001	2000
NAWMP		
MAWP ($11,511 + $1,473)	$12,984	$19,746
Green Banks Program	50,651	42,501
CWIIP	1,748	2,424
MBMF	250	500
	$65,633	$65,171
MAWP		
Green Banks Program	–	632
	$65,633	$65,803

9. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of funding.

10. Public Sector Compensation Disclosure

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totaled $8,450 (2000 - $5,608). In addition, one contract employee, T. Sopuck, Manager of Operations, received $55,441 (2000 - $54,643) in the fiscal year.

THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule 1

Schedule of Expenses for the year ended March 31, 2001 (with comparative figures for 2000)

	2001	2000
EXPENSES		
Habitat activities		
Salaries and benefits	$283,197	$325,309
Field office operations	58,191	70,529
Staff support	54,151	63,238
Nest baskets	33,553	41,098
Land leases	55,744	76,280
Habitat development	10,236	25,889
Taxes	14,019	13,693
	509,091	616,036
Evaluation	13,054	60,090
Communications		
Salaries and benefits	71,797	71,258
Program delivery	48,415	45,236
	120,212	116,494
Program coordination		
Salaries and benefits	176,324	177,137
Rent	32,763	42,541
Office	33,538	37,140
Other	56,292	27,258
Professional fees	9,854	15,058
Board meetings and remuneration	19,856	10,598
Travel	11,454	11,517
	340,081	321,249
TOTAL EXPENSES	**$982,438**	**$1,113,869**

THE MANITOBA HABITAT HERITAGE CORPORATION
MANITOBA AGRO WOODLOT PROGRAM

Schedule 2

Schedule of Expenses for the year ended March 31, 2001
(with comparative figures for 2000)

	2001	2000
EXPENSES		
Habitat activities		
Salaries and benefits	$213,692	$237,226
Incentives	18,831	22,432
Special projects	2,121	7,335
Travel	43,213	52,787
Office	21,608	29,380
Management fees (Note 8)	11,511	17,762
Rent	10,851	15,912
Other	15,370	17,484
Professional fees	250	473
Training workshops	17,061	12,423
	353,708	413,214
Communications		
Management fees (Note 8)	1,473	1,984
Program delivery	8,668	11,857
	10,141	13,841
TOTAL EXPENSES	**$363,849**	**$427,055**

THE MANITOBA HABITAT HERITAGE CORPORATION
GREEN BANKS PROGRAM

Schedule 3

Schedule of Expenses for the year ended March 31, 2001
(with comparative figures for 2000)

	2001	2000
EXPENSES		
Management fees (Note 8)	$50,651	$43,133
Reconnaissance and delivery	11,011	12,570
Managed grazing systems	41,021	35,606
Other	7,527	22,208
TOTAL EXPENSES	$110,210	$113,517